

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

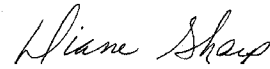
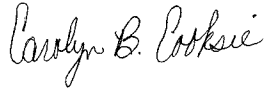
Notice FLP-207

1945-D, 1924-B

For: State and County Offices

**Considering FSA Crop Disaster Program and Other Disaster-related
Payments in Emergency (EM) Loan Processing and Farm Planning**

Approved by: Deputy Administrator, Farm Loan Programs and Acting Deputy Administrator, Farm Programs



1 Overview

**A
Background**

The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, authorizes the Secretary to provide payment assistance to producers of various commodities who suffered losses because of economic, market, or weather conditions.

FmHA Instruction 1945-D, Section 1945.163(d) covers the treatment of these payments when evaluating EM loan requests. Additionally, because of economic conditions, proper consideration of these payments is critical to accurately determining feasibility of financial projections for the 2001 production cycle.

**B
Purpose**

This notice provides guidance on:

- how to consider Crop Disaster Program (CDP) and other disaster-related payments when processing, approving, and closing EM loans
- the use of program payments when developing farm and home plans for new loan and loan servicing requests.

Disposal Date

March 1, 2002

Distribution

State Offices; State Offices relay to County Offices

2 Action

A Processing, Approving, and Closing EM Loans

Loan approval officials shall:

- continue to process loan applications in a timely manner
- upon receipt of an application, request that CED in each local office where CDP and other disaster-related applications have been filed, complete the calculation to determine the producer's maximum payment entitlement
- when determining EM loan amount, include the calculated CDP and other disaster-related payments on FmHA 1945-26, items C2 and D2
- include, as a loan closing condition on FmHA 1940-1, that the producer "agrees to assign any future CDP and other disaster-related payments above the amount that has already been included on Form FmHA 1945-26, Calculation of Actual Losses, items C2 and D2 and any other disaster payments for the same loss to Farm Service Agency as an extra payment on this loan"
- complete CCC-36, assigning payment of the future CDP or other disaster-related payments to FLP, for the producer's signature at loan closing.

CED's shall:

- consider CDP and other disaster-related applications from producers who are seeking loans a priority when determining CDP and other disaster-related payment eligibility
 - within 5 workdays of a request from the loan approval official, complete the calculation of the producer's maximum CDP or other disaster-related payment.
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B Loans Closed Before Announcement of 2001 CDP

Take no action on loans closed in FY 2001 before the announcement of the CDP sign-up.

Continued on the next page

2 Action (Continued)

C

Cash Flow Projections

When developing farm and home plans or other financial projections, FLP staff shall:

- determine whether the applicant has applied and may be eligible to receive CDP or other FSA disaster-related program payments
 - for those applicants who applied and may be eligible, contact CED to determine the amount of payments the applicant has received or can expect to receive during the planning period
 - include all these payments in the financial projections.
-

D

Limitations

EM loans are based on qualifying production losses because of natural disasters (i.e. insect problems or adverse weather conditions). EM loans are not based on economic or market losses. Program payments made as a result of economic or market losses will not be considered when processing EM loans. Payments made under the Price Support Program will not be considered when processing EM loans.

E

Contact

State Offices shall direct questions about this notice to Mike Hinton or Orlando C. Kilcrease at 202-720-1472.
